

VZCZCXYZ0010
RR RUEHWEB

DE RUEHLP #0801 0811808
ZNR UUUUU ZZH
R 221808Z MAR 07
FM AMEMBASSY LA PAZ
TO RUEHC/SECSTATE WASHDC 2936
INFO RUEHAC/AMEMBASSY ASUNCION 6661
RUEHBO/AMEMBASSY BOGOTA 3986
RUEHBR/AMEMBASSY BRASILIA 7872
RUEHBU/AMEMBASSY BUENOS AIRES 5127
RUEHCV/AMEMBASSY CARACAS 2351
RUEHPE/AMEMBASSY LIMA 2466
RUEHMD/AMEMBASSY MADRID 3394
RUEHMN/AMEMBASSY MONTEVIDEO 4507
RUEHQT/AMEMBASSY QUITO 4993
RUEHSG/AMEMBASSY SANTIAGO 9577
RUEHUB/USINT HAVANA 0234
RHMFIUU/HQ USSOUTHCOM MIAMI FL
RUMIAAA/USCINCSO MIAMI FL
RUCPDO/DEPT OF COMMERCE WASHINGTON DC
RUEATRS/DEPT OF TREASURY WASHINGTON DC
RHEHNSC/NSC WASHINGTON DC

UNCLAS LA PAZ 000801

SIPDIS

SENSITIVE
SIPDIS

STATE FOR WHA/AND LPETRONI
COMMERCE FOR JANGLIN
TREASURY FOR SGOOCH

E.O. 12958: N/A
TAGS: [ETRD](#) [EINV](#) [ECON](#) [PREL](#) [PGOV](#) [BL](#)
SUBJECT: VENEZUELA RAISES BARRIERS FOR BOLIVIAN EXPORTS

REF: 06 LA PAZ 1172

SUMMARY

¶1. (U) The Bolivian Institute of Foreign Trade revealed March 20 that Venezuela had introduced new obstacles for Bolivian exports, after a February 28 decision by the Venezuelan government to import only what Venezuela does not produce or makes in insufficient quantity. The new barriers undermine an April 2006 Peoples' Trade Agreement (reftel) promising to boost bilateral trade and could significantly raise costs for Bolivian exporters. End summary.

VENEZUELA IMPOSES NEW TRADE BARRIERS

¶2. (U) The Bolivian Institute of Foreign Trade revealed in a March 20 press release that Venezuela had introduced new obstacles for Bolivian exports, following the Venezuelan government's February 28 decision to import only what the country does not produce or makes in insufficient quantity. According to a Venezuelan Food Ministry resolution, Venezuelan importers will have to secure "certificates of non-production or insufficient production" to obtain foreign currency to pay for imports; acquiring the certificates reportedly may take as long as three weeks.

¶3. (U) Institute General Manager Gary Rodriguez told Econoff March 22 that the new barriers undermine an April 2006 Peoples' Trade Agreement (reftel) promising to boost bilateral trade. He accused Venezuelan officials of "systematically ignoring" the pact's trade provisions and highlighted the arrangement's disappointing results, noting that while Bolivian exports to Venezuela in 2006 were 23 percent higher than in the previous year, rising from \$159

million to \$195 million, they were 21 percent lower than in ¶2004. Rodriguez declared Venezuela's new policy blatantly protectionist and underscored the new requirements' negative implications for Bolivian exporters, who stand to lose as much as \$20,000 per day in demurrage fees while awaiting permission to offload their goods in Venezuelan ports.

COMMENT

¶4. (SBU) Venezuela's move raises questions about its willingness to match words with deeds, as it calls into question promises to help neighbors and undermine Uncle Sam by buying goods exporters are unable to sell in U.S. markets. Many in Bolivia are questioning Venezuela's much-touted commitment to regional solidarity; indeed, the Morales administration has publicly stated that it will insist the Venezuelan ambassador to Bolivia explain the new policy. End comment.
GOLDBERG